OFFICE OF

VILLAGE OF LARCHMONT
MUNICIPAL BUILDING
120 LARCHMONT AVENUE
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March 6, 2025

Mitho8586@outlook.com
Wilfredo Gajda

Re: Freedom of Information ("FOIL")

Dear Mr. Gajda,

On March 6, 2025 the Village of Larchmont received your FOIL request, dated March 6, 2025, in which you requested:

A copy of the Village's Investment Policy.

Attached are the records responsive to your request. Thank you.

Sincerely,

Brian Rilley
Deputy Village Clerk

RE: INVESTMENT OF VILLAGE MONIES

POLICY: #201

ORIGINAL DATE: 12/05/2022 APPROVAL : Board of Trustees Resolution

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1. **Purpose**

1.1 To outline the investment policy of the Village of Larchmont which will apply to all monies available for investment in the various funds maintained by the Village, including the following:

General Fund
Special Revenue Funds (CP Fund)
Capital Projects Fund
Water Fund
Sewer Fund
Library Fund

2. **Policy**

2.1 The primary objectives of this investment policy are:

A. To conform with all applicable statutory requirements (legal);
B. To adequately safeguard principal (safety);
C. To provide sufficient liquidity to meet all operating requirements (liquidity);
D. To obtain a reasonable rate of return (yield).

DELEGATION OF AUTHORITY

2.2 The Village Board's responsibility for administration of the investment program is delegated to the Village Treasurer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on records incorporating description and amounts of investments, transaction dates, and other relevant information. The operating procedures shall be reviewed, at least annually, by the Village Board and independent auditors for appropriateness and compliance. Absent any written procedures, this Investment Policy shall constitute the operating procedures.

PRUDENCE

2.3 The Village Board and Staff shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village of Larchmont to govern effectively.

2.4 Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

2.5 All participants involved in the investment process shall refrain from personal and business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

DIVERSIFICATION

2.6 The Village of Larchmont will diversify its deposits and investments by financial institution, unless fully collateralized as noted in Section 2.10, and by maturity scheduling.

INTERNAL CONTROLS

2.7 All moneys collected by any of the officers or employees of the Village shall be transferred to the Village Treasurer within three days of collection, or within the time period specified by law, whichever is shorter. The Village Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

DESIGNATION OF DEPOSITARIES

2.8 The banks and trust companies authorized herein for the deposit of monies are JP Morgan Chase and the New York Cooperative Liquid Assets Securities System ("NYCLASS").

COLLATERALIZING OF DEPOSITS

2.9 In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Village of Larchmont, including certificates of deposit and special time deposits (together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default), in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of "eligible securities" as scheduled in Appendix A hereto with an aggregate "market value," as defined in said Section 10, at least equal to the aggregate amount of such excess. The Village Treasurer shall have the discretion to require that the amount of any such pledge shall have a market value of more than 100% of the amount of such excess if, in the Village Treasurer's judgment, such requirement would not have a significant adverse effect on yield.

SAFEKEEPING AND COLLATERALIZATION

2.10 Eligible securities used for collateralizing deposits shall be held by the depositary bank or trust company or a designated custodial bank subject to security and custodial agreements. The security agreement shall provide that eligible securities are being pledged to secure the deposits of the Village of Larchmont together with agreed- upon interest, if any, and costs or expenses arising out of the collection of such deposits upon default. The security and custodial agreements shall also include all other provisions necessary to provide the Village of Larchmont with a perfected security interest in the eligible securities and to otherwise secure the Village of Larchmont's interest in the collateral, and may contain other provisions that the Village Treasurer deems necessary. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Village of Larchmont to exercise its rights against the pledged securities.

2.11 The custodial agreement shall provide that securities held by the custodial bank or trust company, as agent of and custodian for the Village of Larchmont, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also provide that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of the eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility.

2.12 The Village Treasurer shall enter into security and custodial agreements with the authorized depositaries and custodians, subject to the approval of each agreement by the Village Attorney. Such agreements may be in the form of model agreements provided to local governments by the Comptroller of the State of New York.

PERMITTED INVESTMENTS

2.13 As authorized by Section 11 of the General Municipal Law, the Village of Larchmont authorizes the Village Treasurer to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

A. Special time deposit accounts in designated depositaries, subject to the collateral requirements outlined in Sections 2.9 through 2.12;
B. Other money market accounts associated with these depositories subject to the collateralization requirements outlined in Sections 2.9 through 2.12;
C. Certificates of deposit issued by designated depositaries, subject to the collateral requirements outlined in Sections 2.9 through 2.12;
D. Obligations of the United States of America;
E. Obligations issued or fully guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
F. Obligations of the State of New York.

PURCHASE OF INVESTMENTS

2.14 The Village Treasurer is authorized to contract for the purchase of investments by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Village Board of Trustees.

2.15 Investment of Bond Proceeds – Consistent with NYS Local Finance Law, Section 165.00, the proceeds of bond issues shall be deposited into a special account. The Investment of the bond proceeds will be governed by Section 2.13 of this policy. Investment maturities will be timed to ensure that funds are available to meet expenditure needs. In addition, investment options will be sensitive to the arbitrage rebate that may be required by the federal government if investment yields exceed the bond's interest rate.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

2.16 The Village of Larchmont shall maintain a list of financial institutions and dealers approved for investment purposes. All financial institutions with which the Village conducts business must have a senior debt rating of at least A by at least two of the leading rating agencies. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers

affiliated with the New York Federal Reserve Bank, as primary dealers. The list of financial institutions and dealers shall be evaluated annually.

3. **Procedures**

3.1 Investments will be limited to those authorized in the Investment Policy.

3.2 The investment selection process for certificates of deposit will utilize competitive quotations where practicable.

3.3 Each investment transaction will be made by written authorization. If the authorization is initially given verbally, a written authorization will be sent the same day by the Village Treasurer to the appropriate financial institution or dealer.

3.4 All investment authorizations and confirmations will be promptly checked against the Village Treasurer's investment records by another Village employee.

3.5 The Village Treasurer will maintain a record of written investment authorizations and confirmations.

3.6 The Village Treasurer will maintain a record of all investment transactions including descriptions, amounts, rates of interest, maturity dates and earnings.

3.7 The Village Treasurer will determine on a regular basis that obligations have been pledged by the depositaries in accordance with the agreements in place.

3.8 The Village Treasurer will maintain a list of financial institutions and dealers approved for investment purposes and will ensure that dealers are rated at least AA by at least two of the leading rating agencies. As of July 1, 2022, the list includes JP Morgan Chase, and the New York Cooperative Liquid Assets Securities System ("NYCLASS").

3.9 The Village Treasurer will report investment activity at a minimum quarterly, unless requested more frequently by the Board of Trustees.

3.10 This policy will be reviewed annually at the Board of Trustees organizational meeting.

3.11 The maximum amount which may be kept on deposit at JP Morgan Chase, is set at $35 million.

3.12 The maximum amount which may be invested in the following financial institution is as follows:

NYCLASS:	$20 million

APPENDIX A

SCHEDULE OF ELIGIBLE SECURITIES

(i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

(ii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.

(iii) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.